

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (12/15):**

BUTTER: Grade AA closed at \$1.2000. The weekly average for Grade AA is \$1.2500 (-.4675).

CHEESE: Barrels closed at \$1.1100 and blocks at \$1.1250. The weekly average for barrels is \$1.1020 (+.0110) and blocks, \$1.1090 (+.0065).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: Butter markets are weak with prices declining 65.25 cents in the past 5 CME cash trading sessions. For the most part, year end holiday orders have been placed and shipped. Current sales activity is centering around short term or immediate needs. Many buyers are hesitant to place large orders in a declining market. Churning schedules across the country range from light to moderate depending on cream availability. Stocks of butter are in better balance with demand with lighter volumes of butter moving from one area to another. Retail sales are reported to be seasonally strong with scattered feature activity stimulating sales. Food service needs are very active at this holiday shopping and partying time of the year.

CHEESE: The cheese market is steady to firm. Cash cheese prices moved near and above the CCC support prices on the Chicago Mercantile Exchange. Buyers and sellers are starting to position themselves for year end inventory considerations with orders for delivery yet in 2000 expected to slow. Orders for the year end holidays need to be moving through distribution channels in order to be available for sale next week. Current natural demand is seasonally good and process generally moderate to occasionally good. Cheese production is being affected by better returns for milk used to produce other dairy products. During the week of December 11 - 15, CCC purchased 298,125 net pounds of cheese.

FLUID MILK: Milk production is generally steady with some slight increases noted in Florida. Winter weather conditions delayed some milk shipments during the early part of the week in the Northern sections of the country. Supplies are tight, most notably in the East. Class I demand is strong as seasonal holiday items clear grocery shelves. Class III interest is good, but with current low Class III prices, some orders are going unsatisfied. The condensed skim market is very firm with supplies running short of buyer needs. Cream demand is slowing and supplies are increasing in the West. In the East and Midwest, cream demand is good and supplies are often tight. However, with declines in the CME AA butter average, prices are trending lower to the chagrin of sellers in the tighter regions.

DRY PRODUCTS: Dry product prices are trending unchanged to higher due to tight milk supplies. NDM markets are steady to firm. Supplies are the

tightest in the East with Western producers continuing to move product into the CCC. Heading into 2001, energy prices are of concern with some plants contemplating price increases. Clearing buttermilk as condensed is alleviating expensive dryer costs. Production is light and spot loads are limited. The whey market is generally firm. Supply shortages in the East and Midwest are causing some buyers in these regions to import product from the West. Increasing export opportunities are encouraging tighter supplies. WPC prices edged slightly higher. Demand is good into food and feed facilities with a firm undertone noted into 2001. First quarter contract negotiations are well underway on lactose. Initial confirmed contracts are trending unchanged to higher with the best interest being generated on export markets.

CCC: During the week of December 11 - 15, CCC net purchases totaled 8,220,453 pounds of nonfortified and 2,087,961 pounds of fortified NDM from the West. CCC also purchased 11,976 net pounds of blocks and 554,400 pounds of process cheese from the Midwest. Total purchases on barrel cheese were 619,737 with contract adjustments of 887,988 resulting in a negative adjusted total of -268,251 from the West.

DECEMBER MILK SUPPLY AND DEMAND ESTIMATES (WASDE): The forecast for 2000/01 milk supply and use is virtually unchanged from last month. Milk production is continuing to expand but the rate of growth is expected to decline relative to 1999/2000. The forecast for the Class III price is reduced from last month due to low cheese prices, and the Class IV price is raised because of recent strength in butter prices. The all milk price is raised as Class IV prices continue to drive the Class I price.

OCTOBER FLUID MILK SALES (USDA, AMS/NASS & CA DAIRY INFORMATION BULLETIN): During October, about 4.4 billion pounds of packaged fluid milk products were sold in FMO marketing areas and California. This was 0.4% lower than October 1999. On an individual product basis, sales of whole milk, reduced fat (2%) milk, and low fat (1%) milk increased from October 1999, while sales of fat-free (skim) milk and buttermilk decreased from a year earlier. Total fluid milk sales for the January-October 2000 period were 0.7% lower than the same period last year.

TENTATIVE FINAL DECISION FOR ALL FEDERAL MILK ORDERS (USDA, AMS): Published in the Federal Register December 7, 2000, the Tentative Final Decision will be used in calculating the January 2001 Class I milk price to be released December 22, 2000. December class prices will be computed under the Final Decision published April 2, 1999 and released on January 5, 2001. Class prices for 2001 will follow the Tentative Final Decision. Comments (6 copies) regarding the Tentative Final Decision should be filed with the Hearing clerk, Room 1081, South Building, U.S. Department of Agriculture, Washington, DC 20250 on or before February 5, 2001.

******SPECIALS THIS ISSUE******

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY DECEMBER 11	TUESDAY DECEMBER 12	WEDNESDAY DECEMBER 13	THURSDAY DECEMBER 14	FRIDAY DECEMBER 15	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0950 (N.C.)	\$1.1000 (+.0050)	\$1.1000 (N.C.)	\$1.1050 (+.0050)	\$1.1100 (+.0050)	+.0150	\$1.1020 (+.0110)
40# BLOCKS	\$1.0950 (-.0050)	\$1.0950 (N.C.)	\$1.1150 (+.0200)	\$1.1150 (N.C.)	\$1.1250 (+.0100)	+.0250	\$1.1090 (+.0065)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER							
GRADE AA	\$1.3000 (-.2000)	-----	\$1.2500 (-.0500)	-----	\$1.2000 (-.0500)	-.3000	\$1.2500 (-.4675)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, DECEMBER 11, 2000

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.0900, 1 @ \$1.0950, 1 @ \$1.0925, 1 @ \$1.0950; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.0950; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 1 CAR GRADE AA @ \$1.3000; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2000; OFFERS UNCOVERED: NONE

TUESDAY, DECEMBER 12, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1000; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, DECEMBER 13, 2000

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.1050, 1 @ \$1.1150; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 1 CAR GRADE AA @ \$1.2500; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.1000; OFFERS UNCOVERED: NONE

THURSDAY, DECEMBER 14, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1050; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, DECEMBER 15, 2000

CHEESE --SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1100; 1 CAR 40# BLOCKS @ \$1.1250; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER --SALES: 2 CARS GRADE AA @ \$1.2000; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1000; OFFERS UNCOVERED: NONE

BUTTER MARKETS**NORTHEAST**

The market tone is weak. Between Friday's (12/8) and Monday's (12/11) trading at the CME, the butter price has fallen 50 cents. Contacts speculate on how far the price will slide before Christmas. Many are expecting further price drops and buyers are holding off on any extra purchases. Churning activity is still light to moderate in the East as milk and cream supplies remain tight. Less West Coast butter is being purchased now that suppliers have enough to cover anticipated year end needs. Retail movement is about steady, but there are reports that fewer features are going to be in effect than there were for Thanksgiving. Food service orders are about steady. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/average.

CENTRAL

Prices continue to weaken. Most producers and handlers anticipated that prices would continue to decline once the trend started. The question many are asking is how far will they decline. At midweek, since the start of the decline, cash butter at the CME declined 60 cents to \$1.25. Although this is sharply lower in 3 trading session, most feel that this is not the bottom of the decline cycle. Producers indicate that demand remains quite good, although since the price decline started, many buyers are hesitant to place large orders in anticipation of further weakness. In most instances, current orders are for short term or immediate shipment. Churning

schedules remain lighter than desired by most producers, although sales are slowing and current production is in better balance with demand. Producers and handlers are stating that, for the most part, holiday needs have now been filled and future orders will be for fill-in needs. Retail sales are reported to be quite active, although some scheduled year-end features have been withdrawn.

WEST

Demand for bulk butter is slowing this week as the end of the year holidays approach and prices collapse. Buying interest from other areas of the country is much less than in previous weeks. Demand for prints is holding up better as buyers believe they can get delivery in time to place it in the stores. Fewer features are noted than at the Thanksgiving holiday. Contacts expect that prices will continue to move lower until at least the end of the year. Some have revised their bottom end predictions higher based on production and stocks. Overall, demand has been excellent for the fourth quarter. Cream interest is slowing down seasonally as much of the high fat product market needs are covered. Cream buyers are also watching butter market prices and waiting for lower numbers. Weekly CCC butter storage numbers continue to decline and stand at 9.95 million pounds. This level is below the last two years. Since this survey started three years ago, stocks have never gotten below 8.6 million pounds. Current prices for bulk butter nominally range from 3 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE	39% MOISTURE	NDM	BUTTER	DRY WHEY
	40# BLOCKS				
DECEMBER 9	1.0720 5,082,524	1.0474 7,856,531	1.0126 15,174,751	1.7518 3,579,513	0.2164 8,208,165

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mostly higher and, despite the higher prices, the market tone is steady to weaker. Prices at the CME were steady to lower most of last week. The slight increase on Friday did move the weekly averages fractionally higher. Cheese output in the East continues lighter than expected. Milk supplies are tight and less surplus is available to local cheese makers. Demand for cheddar, retail and food service, is fairly good. Process and mozzarella sales are holding at good levels.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1450-1.6125
Cheddar Single Daisies	:	1.1025-1.5625
Cheddar 40# Block	:	1.2425-1.4225
Process 5# Loaf	:	1.3000-1.4750
Process 5# Sliced	:	1.3200-1.5775
Muenster	:	1.3050-1.5125
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is about steady with cash prices at the Chicago Mercantile Exchange bouncing around in a trading range near CCC purchase prices. Current weekly CME averages for both blocks and barrels are within 4 to 5 cents of year ago levels. Natural movement is steady, ranging from seasonally good to very good. At least one operation has added an extra shift to help fill orders and overtime is being used by others to fill natural chunk and shred orders. Process sales are moderate to occasionally good with extra line time still being filled with production for later offering to CCC. Orders for the first of the major year end holidays needs to be moving through channels in order to make it to stores and other outlets in time. Feature activity is occurring at some stores. Some production plants are having problems in meeting orders for current natural varieties, but others are still selling milk to other uses to generate better returns on producer milk. Mozzarella remains tight, particularly for the more traditionally made product. Midwestern blocks and barrels continue to be offered to CCC under the price support program.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2900-1.4800
Brick And/Or Muenster 5#	:	1.4700-1.6975
Cheddar 40# Block	:	1.4700-2.1150
Monterey Jack 10#	:	1.6700-2.1150
Blue 5#	:	1.8425-2.0900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0950-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : DECEMBER 11 - 15, 2000

BARRELS*	:	\$1.0900 - 1.1000 (NOMINAL)
	:	(\$.0200) (.0100)
40# BLOCKS	:	\$1.0950 - 1.1525 (NOMINAL)
	:	(\$.0100) (.0050)

() Change from previous week. * If steel, barrel returned.

WEST

Both process and natural prices strengthened somewhat this week. Western contacts wonder if the moderate price increases will curtail shipments of cheese into the government price support program. Clearances of all types of cheese total only 8.2 million pounds so far, not enough to tighten the supply situation all that much. Good interest is noted for processing solids. Those buyers are willing to put away some additional solids at this time. Good quality current blocks are finding fair to good interest. A number of cheese plants are looking for additional milk supplies. Mozzarella demand remains excellent with offerings short of needs. Swiss sales are good and keeping stocks on the low end of desired levels. Demand for aged cheese is increasing seasonally.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2425-1.5025
Cheddar 40# Block	:	1.2300-1.3700
Cheddar 10# Cuts	:	1.4100-1.6300
Monterey Jack 10#	:	1.4200-1.5800
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5400

FOREIGN

Domestic prices are higher and imported are unchanged. The market tone is firm as holiday orders are improving and distributors are busy filling these orders. Through September, EU exports of cheese are estimated to be 17% higher than the same period last year. For the U.S., January to October 2000 licensed cheese imports total 207.1 million pounds, down 12.4 million pounds from the same period last year. Stocks of most types of cheese are adequate to cover the holiday season demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.4475-2.9425*
Gorgonzola	: 3.2400-5.9400	: 1.9975-2.4900*
Parmesan (Italy)	: TFEWR	: 2.8625-2.8875*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4550-1.7325*
Romano (Cows Milk)	: -0-	: 2.6375-4.8125*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

		BUTTER	CHEESE
12/11/00	5,609	:	129,400
12/01/00	5,987	:	129,823
CHANGE	-378	:	-423
% CHANGE	-6	:	N.C.

FLUID MILK AND CREAM

E A S T

Large storms moved through the Southeast and East this week. Very cold temperatures, high winds, and snowfall have disrupted farm pickups, transportation, and finished product delivery schedules. Also, the storms or prediction of them did cause some panic buying of milk and other "food staples" across the region. Overall, bottled milk sales are fair to good, but school closings were widespread as the early-week storm passed through New York and New England. Florida and the southern parts of other Gulf Coast states were the only areas spared from the very cold weather. Milk production is mostly steady, but increases are being reported in Florida. Handlers in Florida did import 26 loads this week as bottled milk sales improved and more winter residents are moving in. There were no imports into the Sunshine state last week and this week last year. Handlers in other Southeastern states had enough milk and did not have to purchase any extra milk. However, they did report having less surplus milk than the previous week. Milk volumes are tight in the Northeast and some suppliers are scrambling to find enough milk. Reports of milk and condensed skim moving in from the Upper Midwest are more common, but milk supplies in that region are also tight. The condensed skim market is very firm. Supplies are short of needs and few spot sales are being made. Demand is very good. Most suppliers are struggling to meet contract shipments. Prices, particularly Class III, are in a wide range, but mostly in the high 90's, f.o.b. The fluid cream market is firm and supplies remain tight. A few spot loads are showing up here and there that need to clear. Buyers are balking at purchases now that the CME butter prices are falling so fast. At midweek, some pending cream sales were to be made based on Wednesday's butter close at the CME rather than last week's average. Those sales took place significantly below last week's low end of the Northeast range. Some buyers are canceling orders because of the high prices. Cream cheese, sour cream, bottled cream, and egg nog production is moderate to heavy. There is growing concern by cream cheese producers about the tentative final decision on Class III and Class IV price formulas. The new method for determining a Class III butterfat price will, reportedly, greatly impact what cream cheese makers pay for cream next year. Most egg nog producers indicate that output will ease after this weekend. Ice cream output is seasonal, but some plants continue at moderate levels. Many will be down for a week or two during the holidays. Churning activity is light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6875-2.4904
DELIVERED EQUIVALENT ATLANTA	-	2.3015-2.4904 M 2.3186-2.3358
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.1984-2.4045

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0700-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .7200-1.0100

M I D W E S T

SPOT SHIPMENTS:	LOADS
DECEMBER 8 - 14, 2000	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1999	14

Class I demand is generally strong and handlers expect demand to remain good through early next week when demand from school accounts decline until early next year. Retail feature activity on milk as well as egg nog is stimulating extra sales. Production of holiday items such as whipped cream and dips remain active. Weather related problems (heavy snow in Chicago and other metro areas) also stimulated retail sales of milk and other staples. At least through Wednesday (12/13), the weather had done little to do more than delay/slow deliveries. Some school closings were also a factor in fluid demand. Class I premiums are in the area of \$3.00 over on a limited test. Manufacturing milk demand is good, but with current low Class III prices, some orders are going

unsatisfied. Despite good current cheese demand, few plant operators can afford to pay a high enough premium to help fill some orders. The low Class III price also provides an incentive to sell milk to other users such as the bottle. A total of 49 loads of Wisconsin milk are direct shipped to Missouri along with 21 loads to Tennessee and pooled under other federal orders to supplement local offerings. Minnesota and Iowa milk continues to flow to Illinois and Missouri to supplement Class I needs. Milk from Michigan also continues to flow to the East. Milk supplies are tight to short as milk production slowly picks up from the annual low point in the past few weeks. Cream prices are lower, reflecting declines in the cash butter price at the Chicago Mercantile Exchange. Cream demand remains good as does condensed skim. Milk production is being affected in some areas by colder temperatures but also by dairy herd sellouts. Snow cover is increasing in more areas of region. This has ended any remaining harvest and tillage operations until a thaw.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 7 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 40.00	\$ 34.00- 43.00
REPLACEMENT HEIFER CALVES	\$260.00-340.00	\$240.00-350.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 7 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 44.00	\$ 30.00- 43.00

W E S T

The January 2001 Class I prices in California range from in \$16.35 in the north to \$16.62 in the south. The statewide average Class I price based on production is \$16.41. The average is \$1.77 higher than December 2000 and \$4.43 higher than January 2000. Milk production is mostly steady in California. Weather conditions are generally favorable for milk cows. Power alerts are not affecting milk production at the farm level, but energy costs are showing considerable increases. Power problems continue to cause minor disruptions at the processor stage. More telling are the sharp increases in natural gas prices across the state. Some processors are shifting what milk and condensed products they can to other plants to alleviate drying costs. Schools are beginning to let out for the holidays with most vacations starting during the next week. The disruption in the fluid milk market will bring more surplus milk to the market. No capacity problems are expected, but the higher costs of drying the milk will be a very big factor for pricing surplus milk. Alfalfa prices are slightly higher across the state and better quality alfalfa is harder to find. Cream availability increased over the last week as the butter price dropped sharply at the CME. Demand has slowed from seasonal cream-based manufacturers. Multiples dropped to the 115 to 130 FOB range, but the basing point price is a big variable and highly negotiable. Milk production is mostly steady at levels above a year ago in New Mexico. Despite low milk prices, plans continue for new dairies and expansions in the state. Milk cow numbers continue to increase and prices remain steady. Many producers have feed prices locked in place, but the quality of alfalfa is not as good as wanted because some cuttings got rained on. Colder temperatures and some snow/rain are common over the Pacific Northwest. Milk production has not been impacted by the weather, but farm milk pick ups and end product deliveries have been tough at times. Energy problems, while not nearly as bad as in California, are becoming more of an issue in the Northwest also. No one has changed any plant schedules yet, but some may have to consider it if things get tighter from an energy point of view. Most plants are commenting that they are not having any trouble finding trucks to fill orders through the end of this week at least. Some are noting a slow down in orders generally related to the end of the year holidays. Feed prices have moderated a bit and hay sales are expected to be very slow through the end of the year. Snow has fallen for most of the first part of the week in the northern Mountain States area. Conditions have not been reported as very bad, but producers are noticing how early the snow is starting this year. They have seen an increase in feed and hay consumption. Most plants have noticed a decline in receipts because of the inclement weather and herd sell offs.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 12/14/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher on a steady to firm market. Production is steady to somewhat lower due to stagnant milk production and good Class I movement. Some plants remain closed until milk supplies increase during school breaks. Producers are unsure as to how much of an impact school milk will have on NDM production. Because milk from the Thanksgiving break was less than anticipated, supplies from the upcoming holiday may also fall short of expectations. Demand is good on both low and high heat. Some 2001 contracts on high heat are already complete. High heat supplies remain short of buyer interest with most movement occurring on regular contracts.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0300 - 1.0600 MOSTLY: 1.0300 - 1.0350

DRY BUTTERMILK - CENTRAL

Prices remain unchanged on a steady market. Offers are generally at the average to a penny higher from Midwestern and Western producers. Most movement is occurring on regular commitments as buyers continue to await seasonal price declines on spot loads. Supplies are tight and production is generally unchanged. Condensed buttermilk continues to clear the market readily, alleviating expensive dryer costs for producers.

BUTTERMILK: 1.0050 - 1.0600

DRY WHEY - CENTRAL

Prices are higher on a firm market. Increased usage of whey in Europe is encouraging movement into export markets and decreasing whey availability domestically. Suppliers predict continued market firmness into the first quarter while buyers await supply increases as a result of excess milk supplies over school breaks. With low milk production and cheese prices, less cheese is being produced than seasonally expected. Consequently, whey production is unchanged to lower. Supplies are tight. Some producers are rationing stocks and shorting customers. Feed buyers are finding it difficult to cope with the higher prices and are considering alternative formulas. Off grade supplies are limited at prices trending higher with Extra Grade.

NONHYGROSCOPIC: .2375 - .2650 MOSTLY: .2375 - .2475

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher on a steady to firm market. Milk replacer supplies that were difficult to move last week have now cleared the market. Trading is light and supplies are limited as feed buyers try to cut their losses as prices continue to trend higher. Roller ground production is unchanged to slightly lower due to equipment problems. Prices are trending higher with the Extra Grade market. Delactose continues unchanged. Some contracts are being negotiated for next year. Supplies are tight with plants unable to meet extra spot interest. Prices remain unchanged in conjunction with WPC prices. Hog markets are steady while veal is trending weak.

MILK REPLACER: .1950 - .2125

ROLLER GROUND: .2175 - .2350

DELACTOSE (Min. 20% protein): .3750 - .4000

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. On export markets, producer offerings are higher. Domestically, offerings are unchanged to higher. While most negotiations are just beginning, some first quarter contracts have been confirmed. The undertone is mixed with domestic suppliers less optimistic than those that cater to export markets. Because of the BSE episode in Europe, many in the trade are anticipating increased demand for lactose. Results from first quarter negotiations will verify if this is true. Slight increases in the freight rate are not affecting export sales. Inquiries on lactose are emanating from South America, Mexico, Korea, Japan, China, Canada and New Zealand. Domestic movement is generally on a contractual basis with most spot loads clearing at a discount into the feed sector. Off grade supplies remain available at prices that vary with the quality.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2100 MOSTLY: .1600 - .1700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on steady to firm market. While supplies of condensed WPC are more available due to holiday schedules, dry WPC supplies are tight. Production is unchanged to lower due to equipment problems in some plants. Most plants are able to meet regular commitments yet some buyers are being shorted contracted loads. Feed buyers are more willing than previous months to pay higher prices for WPC because of the evident supply shortages. Some resale product is available at a premium. Demand for 80% and isolates is strong. Producers predict the demand for higher protein WPC to continue into 2001 whereby 34% supplies will continue tight. However, with new plants coming on line and more milk to be processed, the buy end is not sure that strength will maintain through the year. Nonetheless, contract negotiations for 2001 are trending higher. Off grade is limited in supply at prices that vary with the quality.

EXTRA GRADE 34% PROTEIN: .7225 - .7625 MOSTLY: .7325 - .7375

NONFAT DRY MILK - WEST

Low/medium heat NDM prices are steady to slightly higher. The market tone is holding mostly steady, although being balanced by continued sales to the CCC. There are growing concerns over higher natural gas prices in the region. Producers are seeing drying costs increase up to 7-fold and are taking action. Some plants are being shut down and milk and/or condensed skim is being sold or shifted to cheese plants. Added problems with electricity costs are also a concern, but outages are not the problem this week. Preliminary discussions are exploring adding energy surcharges to NDM prices. Several contacts were stating natural gas costs are increasing NDM drying expenses up to 6 cents per pound in the last month. There appears to be little relief from the support program, where NDM purchases are set at \$1.01 per pound. For the week December 4 - 8, net CCC purchases totaled 9.1 million pounds of nonfortified NDM and 1.8 million pounds of fortified NDM from the West.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0200 MOSTLY: 1.0000 - 1.0150

HIGH HEAT: 1.0300 - 1.0750

DRY BUTTERMILK - WEST

Prices for dry buttermilk are mostly steady in limited spot trading. The market tone is slightly firm. Production levels are sometimes lower with the effects of energy costs making it more cost effective to sell condensed buttermilk. Demand is light and expected to remain there until the new year. Dry stocks are mainly light.

BUTTERMILK: .9500 - 1.0200 MOSTLY: .9600 - .9800

DRY WHEY - WEST

Prices continue to increase fractionally for Western whey powder. Stocks in other regions of the country are becoming much harder to find so more buyers are looking to the West as a source of powder. The Western region got a good portion of the recently announced feed whey tender for Japan. Little, if any, will be sourced from the normal competitors in Europe or Canada. Prices are within the currently reported price range and came in a bit higher than anticipated due in part to tightness both domestically and internationally for whey powder. Contacts are wondering how the current energy crunch may impact cheese and whey production in the Western region. Whey stocks are being held with good confidence and sellers are in no hurry to move product at this time. They are wondering if the normal year end order lull will occur this year or not.

NONHYGROSCOPIC: .1800 - .2375 MOSTLY: .1950 - .2050

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
December 8	\$1.0113	11,579,552
December 1	\$1.0111	14,665,809

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales packaged in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher and nominal in the Northeast. The market tone is steady to firm. Most Eastern producers have little or no NDM on hand. Because of the tight milk supply and continued good demand for condensed skim, there is little incentive to make NDM. The spiraling cost of natural gas is more of a deterrent to drying. Contacts more frequently comment about the rising cost of natural gas. Prices five or six times greater than last year are often reported. Most of the major producers in the East report little or no drying this week. Notwithstanding the coming holidays and the extra surplus milk they usually bring, Eastern producers are likely to make as little NDM as possible. The early-week storm that covered much of the Northeast and Middle Atlantic areas disrupted transportation schedules. Many trucks were late in arriving for pickups and deliveries. Demand for NDM is steady and good for this time of year.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0500 - 1.0800 MOSTLY: 1.0600 - 1.0650

HIGH HEAT: 1.1000 - 1.1200 MOSTLY: 1.1100 - 1.1150

DELVD SOUTHEAST:

ALL HEATS: 1.0550 - 1.1500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher and nominal. Production levels are light. Not only is churning activity light, but the escalating costs of natural gas to run the dryers are becoming more of a factor in whether plants sell condensed or make powder. Stocks are light and most Eastern producers are sold out. Demand is steady. Little or no spot activity is being reported. Some LTL sales and resale loads continue, but even these are becoming more infrequent.

F.O.B. NORTHEAST: .9800 - 1.0000

DELVD SOUTHEAST: 1.0100 - 1.0300

DRY WHOLE MILK - NATIONAL

Prices are steady to lower as some producers react to the lower butter price at the CME. The market tone is steady. Production levels are light to moderate. Like other dry dairy products, producers are more often commenting about the spiraling costs of natural gas and how they may limit drying schedules. Spot demand remains slow to fair. Demand is slow for spot needs, steady on contract shipments.

F.O.B. PRODUCING PLANT: 1.2275 - 1.4700

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH DECEMBER 8, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are higher again this week and the market tone is very firm. Most Extra Grade and Grade A producers are sold out. Any extra that may be available is held with growing confidence. Producers are taking orders for delivery well into January. A few operations where milk is particularly tight are oversold for the next several months and they are taking few new orders. Production levels are light as cheese output is affected by the tight milk supplies. Also, the steadily increasing cost of fuel to run the dryers is becoming more of a concern. Demand is very good. Any load that is available to feed and food accounts is quickly cleared. Animal feed makers and veal growers are more aggressive in their search for dry whey. Some producers are behind on delivery schedules which were further exacerbated by this week's snowstorm and high winds that delayed transportation schedules. Traders report increasing difficulty finding resale loads. There is growing speculation among contacts about how high prices will go and how long stocks will be "this short."

F.O.B. NORTHEAST: EXTRA GRADE .2350 - .2500

USPH GRADE A .2300 - .2425

DELVD SOUTHEAST: .2550 - .3000

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand is slowing now that most retailers have their year end needs "in house" and in the stores. Production levels are light to moderate. Some extra output is anticipated in the upcoming holiday period when more surplus milk will be available. Plant stocks are at or near the low point in the annual cycle. This is normal for this time of year. If normal patterns are followed, producers will be replenishing their inventories during the coming weeks when milk is a little more available at relatively low prices. However, escalating natural gas prices will be factored into production and finished product price decisions.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain firm at unchanged prices. Domestic buyers are looking at their calendar year contracted volumes and many are realizing that they will not be getting their full deliveries within the year. Often, sources are indicating that they will meet those commitments, but deliveries will extend into next year. Domestic buyers feel that current firm prices will continue into 2001. First quarter prices are reported to be higher. Availability of rennet and acid is in close balance. Oceania production is just sufficient to meet needs with European output seasonally low.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.2500 - 2.4000

ACID: 2.3000 - 2.4500

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, DECEMBER 2000, WITH COMPARISONS ^{1/}												
CITY	DEC 1998			DEC 1999			NOV 2000			DEC 2000		
	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence
	Dollars Per Hundredweight											
Atlanta, GA	20.27	19.12	1.15	16.07	14.57	1.50	16.25	14.92	1.33	16.31	15.23	1.08
Baltimore, MD	19.82	19.07	0.75	15.27	14.52	0.75	16.37	14.82	1.55	16.68	15.13	1.55
Boston, MA *	19.76	19.28	0.48	15.21	14.73	0.48	15.55	15.07	0.48	15.86	15.38	0.48
Carbondale, IL	19.41	18.05	1.36	15.21	13.50	1.71	15.73	14.02	1.71	16.04	14.33	1.71
Charlotte, NC	20.27	19.12	1.15	16.07	14.57	1.50	16.25	14.92	1.33	16.31	15.23	1.08
Chicago, IL	19.37	17.44	1.93	14.78	12.89	1.89	15.44	13.62	1.82	15.63	13.93	1.70
Cincinnati, OH	19.90	18.15	1.75	15.40	13.60	1.80	15.90	14.02	1.88	16.21	14.33	1.88
Cleveland, OH	19.54	18.04	1.50	15.09	13.49	1.60	15.70	13.82	1.88	16.01	14.13	1.88
Dallas, TX	19.45	19.20	0.25	15.70	14.65	1.05	15.62	14.82	0.80	15.68	15.13	0.55
Denver, CO	19.02	18.77	0.25	15.97	14.22	1.75	15.07	14.37	0.70	15.38	14.68	0.70
Des Moines, IA	18.44	17.59	0.85	14.44	13.04	1.40	14.68	13.62	1.06	14.99	13.93	1.06
Detroit, MI	18.71	17.89	0.82	14.34	13.34	1.00	14.87	13.62	1.25	14.93	13.93	1.00
Hartford, CT *	19.66	19.18	0.48	15.11	14.63	0.48	15.45	14.97	0.48	15.76	15.28	0.48
Houston, TX	19.99	19.74	0.25	16.24	15.19	1.05	16.22	15.42	0.80	16.28	15.73	0.55
Indianapolis, IN	19.49	17.94	1.55	14.94	13.39	1.55	15.70	13.82	1.88	16.01	14.13	1.88
Kansas City, MO	18.71	17.96	0.75	14.81	13.41	1.40	15.03	13.82	1.21	15.09	14.13	0.96
Louisville, KY	19.61	18.81	0.80	14.90	13.60	1.30	15.17	14.02	1.15	15.33	14.33	1.00
Memphis, TN	19.25	18.15	1.10	15.51	14.26	1.25	15.55	14.62	0.93	15.61	14.93	0.68
Miami, FL	22.79	20.22	2.57	18.64	15.67	2.97	18.76	16.12	2.64	18.82	16.43	2.39
Milwaukee, WI	19.28	17.35	1.93	14.69	12.80	1.89	15.39	13.57	1.82	15.58	13.88	1.70
Minneapolis, MN	18.07	17.24	0.83	13.94	12.69	1.25	14.60	13.52	1.08	14.79	13.83	0.96
New Orleans, LA	20.14	19.69	0.45	16.29	15.14	1.15	16.40	15.42	0.98	16.45	15.73	0.72
Oklahoma City, OK	19.56	18.81	0.75	15.56	14.26	1.30	15.47	14.42	1.05	15.53	14.73	0.80
Omaha, NE	18.54	17.79	0.75	14.49	13.24	1.25	14.73	13.67	1.06	15.04	13.98	1.06
Philadelphia, PA	19.85	19.13	0.72	15.20	14.58	0.62	16.54	14.87	1.67	16.85	15.18	1.67
Phoenix, AZ	18.56	18.56	0.00	14.61	14.01	0.60	14.32	14.17	0.15	14.63	14.48	0.15
Pittsburgh, PA	18.54	18.04	0.50	13.89	13.49	0.40	15.92	13.92	2.00	16.23	14.23	2.00
St. Louis, MO	19.41	18.05	1.36	15.21	13.50	1.71	15.53	13.82	1.71	15.84	14.13	1.71
Salt Lake City, UT	18.19	17.94	0.25	13.64	13.39	0.25	13.97	13.72	0.25	14.28	14.03	0.25
Seattle, WA	18.32	17.94	0.38	15.38	13.39	1.99	14.20	13.72	0.48	14.66	14.03	0.63
Spokane, WA	18.32	17.94	0.38	15.38	13.39	1.99	14.20	13.72	0.48	14.66	14.03	0.63
Springfield, MO	18.98	18.23	0.75	14.98	13.68	1.30	15.07	14.02	1.05	15.13	14.33	0.80
Washington, DC	19.82	19.07	0.75	15.27	14.52	0.75	16.37	14.82	1.55	16.68	15.13	1.55
Simple Average	19.36	18.47	0.89	15.22	13.92	1.30	15.52	14.30	1.22	15.74	14.61	1.13

*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

^{1/} Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

DECEMBER MILK SUPPLY AND DEMAND ESTIMATES*

The forecast for 2000/01 milk supply and use is virtually unchanged from last month. Milk production is continuing to expand but the rate of growth is expected to decline relative to 1999/2000. The forecast for the Class III price is reduced from last month due to low cheese prices, and the Class IV price is raised because of recent strength in butter prices. The all milk price is raised as Class IV prices continue to drive the Class I price.

Editor's Note: These estimates were made prior to the recent butter price declines on the Chicago Mercantile Exchange. However, the noted price strength remains indicative of current forecasted butter supply and demand.

Item	1998/99 1/	1999/00 Projection 1/		2000/01 Projection 1/	
		November	December	November	December
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	5.8	7.4	7.4	8.5	8.6
PRODUCTION	161.2	167.5	167.5	169.6	169.6
FARM USE	1.4	1.3	1.3	1.3	1.3
MARKETINGS	159.8	166.2	166.2	168.3	168.3
IMPORTS 2/	4.8	4.6	4.6	4.2	4.2
TOTAL COMMERCIAL SUPPLY 2/	170.5	178.3	178.2	181.0	181.1
USE					
COMMERCIAL USE 2/ 3/	162.8	168.9	168.8	173.1	173.2
ENDING COMMERCIAL STOCKS 2/	7.4	8.5	8.6	7.2	7.2
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.3	0.8	0.8	0.7	0.7
SKIM SOLIDS BASIS 4/	5.4	8.5	8.5	7.5	7.6
		DOLLARS PER CWT.			
MILK PRICES 5/					
BASIC FORMULA/CLASS III PRICE 6/	14.04	9.99	9.99	9.55-10.25	9.45-10.05
CLASS IV 7/	NA	11.51	11.51	11.25-12.15	11.80-12.60
ALL MILK 8/	15.38	12.62	12.62	11.95-12.65	12.15-12.75
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	1	11	11	12	12
CHEESE	6	17	17	30	30
NONFAT DRY MILK	449	690	690	615	625
DRY WHOLE MILK	12	34	34	3	3
	QUARTERLY 9/			ANNUAL 9/	
	2000 IV	2001 I	2001 II	2000	2001
MILK PRODUCTION	41.3	43.0	43.8	168.4	169.7
	DOLLARS PER CWT.				
ALL MILK PRICE 5/ 8/	12.45-12.65	12.50-13.00	11.65-12.45	12.25-12.35	12.40-13.20
CLASS III PRICE 5/ 6/	9.10-9.30	9.40-9.90	9.30-10.10	9.65-9.75	9.95-10.75
CLASS IV PRICE 5/ 7/	12.80-13.00	11.65-12.15	11.30-12.10	11.85-11.95	11.70-12.50

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Federal milk order

Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-369, World Agricultural Outlook Board, USDA, December 12, 2000.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS AND CALIFORNIA,
JULY 2000, WITH COMPARISONS**

In July 2000, mailbox milk prices reported for selected Federal milk orders averaged \$12.39 per cwt., \$0.38 more than the figure for the previous month. Compared to July 1999, mailbox milk prices decreased \$0.92 per cwt. on the average.

Editor's Note: The release of mailbox prices for sub-order areas is scheduled for October 2000 data.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	July 1999	June 2000	July 2000
	<u>Dollars per hundredweight</u>		
Northeast <u>3/</u>	13.14	12.56	12.72
Mideast	12.79	12.25	12.36
Appalachian	13.66	13.59	13.99
Southeast	13.08	12.80	13.23
Florida	15.70	15.66	16.10
Southeastern Average <u>4/</u>	13.86	13.59	14.02
Upper Midwest	13.96	11.35	11.97
Central	12.85	11.16	11.75
Southwest	13.26	11.59	12.01
Western	12.53	10.13	10.80
Pacific Northwest	12.64	11.83	11.92
Mountain Average <u>4/</u>	12.61	11.08	11.49
All-Market Average <u>4/</u>	13.31	12.01	12.39
California <u>5/</u>	13.16	11.62	11.85

1/ Federal milk orders for which information could be released. Previous year figures are the weighted average of the prices for the orders that were consolidated. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the market and is reported at the market average butterfat test. 3/ Includes the value of Northeast Dairy Compact over-order payments received by qualified producers. These over-order producer prices were: July 1999, \$1.01; June 2000, \$0.80; July 2000, \$0.43. 4/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 5/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

OCTOBER FLUID MILK SALES

During October, about 4.4 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.4 percent lower than October 1999. On an individual product basis, sales of whole milk, reduced fat (2%) milk, and low fat (1%) milk increased from October 1999, while sales of fat-free (skim) milk and buttermilk decreased from a year earlier. Total fluid milk sales for the January-October 2000 period were 0.7 percent lower than the same period last year. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation (see 2/ below) and data for both years have been adjusted for calendar composition.

Editor's Note: For some individual marketing areas, the data for 1999 are largely estimated due to Federal milk order consolidation. Also, the sales data by product have been revised for January-September. See www.ams.usda.gov/dairy/mmms.htm for this data.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY
FEDERAL MILK ORDERS AND CALIFORNIA, OCTOBER 2000, WITH COMPARISONS 1/**

Product Name/ Marketing Area (Order Number) <u>2/</u>	Sales		Change from: <u>3/</u>	
	Oct	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk <u>4/</u>	1,553	15,313	1.4	1.3
Reduced Fat Milk (2%)	1,385	13,511	0.7	-0.8
Low Fat Milk (1%) <u>5/</u>	744	6,831	0.8	0.5
Fat-Free Milk (Skim)	657	6,602	-6.0	-5.1
Buttermilk	47	486	-9.2	-0.4
Total Fluid Milk Products <u>2/</u>	4,394	42,819	-0.4	-0.7
Northeast (001)	823	8,102	-1.6	-0.3
Appalachian (005)	312	2,984	-2.1	-2.1
Southeast (007)	419	4,107	-0.2	-0.4
Florida (006)	232	2,323	4.2	1.2
Mideast (033)	552	5,484	-2.2	-1.3
Upper Midwest (030)	376	3,625	0.7	1.4
Central (032)	401	3,837	-1.0	-2.2
Southwest (126)	359	3,446	1.0	-0.5
Ariz.-Las Vegas/Western (131/135) <u>6/</u>	182	1,745	1.5	-0.1
Pacific Northwest (124)	189	1,808	0.7	-1.3
California (---)	550	5,358	1.3	0.4

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. 2/ Sales by product are for all marketing areas combined. Individual marketing area data is for total fluid milk products. Total fluid milk products include plain, flavored, and miscellaneous whole milk products, plain, flavored, and miscellaneous reduced fat, low fat, and fat-free milk products, eggnog, and buttermilk. 3/ For all marketing areas combined, data for 1999 have been estimated based on the change in population within Federal milk order marketing areas that has occurred as a result of the new consolidated marketing areas that came into effect in January 2000. For individual marketing areas, 1999 data are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these marketing area changes, mainly based on population. Percent changes are based on this estimated 1999 data. Percent changes also have been adjusted for calendar composition, including the extra day in February 2000. 4/ Includes flavored whole milk. 5/ Includes flavored fat-reduced milk. 6/ The data for these markets have been combined for reporting purposes.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF DECEMBER 11 - 15, 2000				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
PURCHASES	ADJUSTMENTS	PURCHASES	10/01/00	LAST YEAR	12/08/00	LAST YEAR	
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	225,667	213,691	11,976	2,790,214	-0-	-0-	-0-
Barrel	619,737	887,988	-268,251	3,366,496	-0-	-0-	-0-
Process	554,400	-0-	554,400	2,376,000	-0-	-0-	-0-
TOTAL	1,399,804	1,101,679	298,125	8,532,710	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	8,220,453	-0-	8,220,453	85,221,609	27,656,959	-0-	-0-
Fortified	2,087,961	-0-	2,087,961	16,978,132	3,399,829	-0-	-0-
TOTAL	10,308,414	-0-	10,308,414	102,199,741	31,056,788	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
PERIOD OF DECEMBER 11 - 15, 2000 =	5.0	122.9	COMPARABLE WEEK IN 1999 =	2.1	108.7
CUMULATIVE SINCE OCTOBER 1, 2000 =	101.2	1,274.1	CUMULATIVE SAME PERIOD LAST YEAR =	6.8	361.5
CUMULATIVE JANUARY 1 - DECEMBER 15, 2000 =	261.9	6,453.1	COMPARABLE CALENDAR YEAR 1999 =	47.7	2,526.1

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEE OF DECEMBER 11 - 15, 2000 (POUNDS)

BUTTER				CHEESE		NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED
MIDWEST	-0-	-0-	-0-	11,976	247,810	554,400	-0-
WEST	-0-	-0-	-0-	-0-	-516,061	-0-	8,220,453
EAST	-0-	-0-	-0-	-0-	-0-	-0-	2,087,961

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

BUTTER				CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01
MIDWEST	-0-	-0-	4,385,763	-0-	1,239,802	753,271	40.2	-0-	-0-
WEST	-0-	-0-	4,107,347	-0-	100,899,939	30,303,517	59.4	100.0	100.0
EAST	-0-	-0-	39,600	-0-	-0-	-0-	0.4	-0-	-0-
TOTAL	-0-	-0-	8,532,710	-0-	102,199,741	31,056,788	100.0	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JULY 31, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6680; 1# Prints \$.6980

CHEESE: 40 & 60# Blocks \$1.1220; 500# Barrels \$1.0920; Process American 5# \$1.1745; Process American 2# \$1.2145

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 11/25/00 & Comparable Week 1999

Regions*	1	2	3	4	5	6	7	8	9	10	:	U.S. TOTAL	:	% DAIRY OF ALL
											:	WEEK :SINCE JAN 1	:	WEEK :SINCE JAN 1
2000-Dairy cows HD (000)	0.2	0.7	5.7	4.0	20.5	2.6	3.4	0.5	9.6	2.1	:	49.3	:	2,409.7
1999-Dairy cows HD (000)	0.2	0.8	5.5	4.5	18.3	1.9	1.9	0.5	9.6	2.1	:	45.3	:	2,360.9
2000-All cows HD (000)	0.2	0.8	7.7	11.0	28.8	12.9	16.0	4.1	11.8	6.6	:	99.8	:	4,957.5
1999-All cows HD (000)	0.2	0.9	7.7	11.3	25.2	14.2	17.1	4.0	12.9	7.1	:	100.7	:	5,158.0

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP), (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000-2001 (3.5% BF)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2001	FEB 2001
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	12.13		
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58	12.54	13.68			
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57			
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94	11.81	13.00			

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmor_announce.htm